

1                               BEFORE THE  
2                               ILLINOIS COMMERCE COMMISSION  
3                               WINTER PREPAREDNESS POLICY SESSION  
4                               Thursday, November 18, 2021  
5                               Chicago, Illinois

6  
7                               Met via videoconference at 1:00 p.m.

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10   Present:

11                           CARRIE ZALEWSKI, Chairwoman  
12                           D. ETHAN KIMBREL, Commissioner  
13                           MARIA S. BOCANEGRA, Commissioner

14   Appeared via videoconference:  
15  
16                           MICHAEL T. CARRIGAN, Commissioner

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21   BRIDGES COURT REPORTING  
22   BY: Michael J. Duffy, CER  
23   Notary Public

CHAIR ZALEWSKI: Pursuant to the Illinois Open Meetings Act, I now call The Illinois Commerce Commission's 2021 Winter Preparedness Policy Session to order. Commissioners Bocanegra and Kimbrel are with me in Chicago, and Commissioner Carrigan is in Springfield. All Commissioners are present, so we have a quorum. All guests and panelists should be aware that a court reporter is present and that the transcript of this session will be available and posted on the Commission's website following the session.

So good afternoon, and welcome, and thank you for joining us for today's Winter Preparedness Policy Session. And as the winter weather grow -- and the weather grows colder in the Midwest, keeping our lights on and our homes heated is as important as ever. And certainly the images of the disasters from the prolonged outages in Texas are still fresh in our minds.

So acknowledging the extreme weather and expecting it to be more and more common, the Illinois Commerce Commission initiated a notice of inquiry earlier this year to gather information from

various entities on whoever wanted to participate in the proceeding to see -- to ensure that all reasonable efforts are employed in Illinois to prevent widespread outages and extreme energy price increases, particularly during extreme weather events. The finalized report from this NOI is now up on our website. It was finalized in October. So if anyone would like to see the comments that were -- and the participants that -- comments were made during it, please, I encourage everyone to go to our website to check out the finalized report.

Additionally, increasing wholesale natural gas prices are on top of mind as we discuss energy insecurity in the coming months. Notably, there are additional funds now available in LIHEAP. Through the leadership of Governor J.B. Pritzker, who recently increased Illinois' investment in LIHEAP by nearly 20 percent to \$327 million total, this extra funding will allow qualifying households to access -- \$740 was the rate last year and increasing it to \$1000 this year -- approximately 3.5 million Illinoisans will now be eligible for this utility assistance. Additionally,

and in this vein, the ICC has set up a new utility assistance website. It was launched last week, and it is a centralized resource supplying information about the winter moratorium rules and how to access various state and utility payment assistance programs and other resources, including how to get help during the winter months. And on the website, it notes that the new legislation signed into effect September 15th of this year affords new consumer protection by prohibiting late payment fees or deposits for low-income customers, also simplifying the eligibility process for low-income benefits.

So before I turn it over to Joe, I would just like to take a minute to thank our panelists. We appreciate you spending the time preparing slides and availing yourself today for allowing us to ask questions on this important and obviously timely topic. Special thanks to Commissioner Kimbrel and his team, Maya and Joe. They did a great job putting together today's policy session, so we appreciate the work that they did. So, Joe, I'm going to turn it over to you now.

MR. FALLAH: On behalf of Chairman Zalewski, Commissioners, and the Commission, and I welcome you to the Winter Preparedness Policy Session for 2021. As we rapidly approached the winter session -- or season, we believe that it is important for us to examine the readiness of RTOs and our public utilities to meet the winter energy needs of Illinois customers. This year's policy session is being held amid public anxiety, over rising natural gas prices and COVID-related health and economic challenges. Combined, these dual challenges present concerns for Illinois energy customers. Hence, we have gathered today to hear from our two regional transmission operators and our local distribution companies on your preparedness to meet the energy needs of Illinois customers for the coming winter months. We will also hear from customer advocates, representatives from the Office of the Illinois Attorney General, the Citizens Utility Board and the National Consumer Law Center. We have three separate panels for today's policy session. First, we will hear from the RTO panel, which would include speakers from MISO and PJM. As I mentioned, speakers will present on your

preparedness to meet the energy needs of Illinois customers during this year's winter season. Then we hear from the utilities panel. This year the utilities panel has adopted a collaborative approach, which means that they will be presenting as a unit instead of individual entities. Yet presentation will focus on three topics: Gas supply and operations, customer outreach, and energy efficiency. The final panel would be the customer's advocate panel, which includes the Office of the AG, the Citizens Utility to Board, CUB, and the National Consumer Law Center. The speakers will expand on and discuss current and anticipated winter energy challenges facing Illinois customers and advanced strategies that may be used to mitigate the observed challenges.

Again, welcome to the 2021-2022 Winter Preparedness Policy Session. I will now turn things over to my colleague Maya Nevels, who is our moderator for today's session.

MS. NEVELS: Thank you, Joe. Hi, everyone. Thank you for joining us today. Again, my name is Maya Nevels, and I am the legal and policy advisor to

Commissioner Kimbrel. I would like to again thank our presenters for sharing their time with us today and all the work they've put into this. We very much appreciate it.

Up first, we have our RTO panel. We will first be hearing from JT Smith, who is the Senior Director of Operations Planning at MISO. Followed by Stephen Bennett, who is the Manager of Regulatory and Legislative Affairs at PJM.

The panel will have 30 minutes to deliver their presentations and will be followed by 15 minutes of Q & A. So we ask that everyone please hold their questions until the end of the presentations. And we also ask our presenters to be mindful of the time so that we have time to hear from everybody today. And lastly, please mute your mike if you are not speaking. So thank you again. And with that, I will turn it over to JT.

MR. JT SMITH: All right. Thank you very much. I'm going to do a quick sound check. Getting back into the office has been overly complicated for me. Can you hear me? Excellent. Thank you so much.

1                   So let me get to sharing my deck. As I  
2 pull this up, I think what you're going to find is MISO  
3 and PJM probably have a number of things in common to  
4 talk about for this winter season. Of course,  
5 unfortunately for MISO, we're the ones with a little  
6 bit more of an impact that we saw this past winter to  
7 be ready for the upcoming season. We've learned  
8 learned a lot of lessons over the past year. The  
9 FERC/NERC report around the February winter event that  
10 impacted the central part of the country just was  
11 finalized and published, I believe, this past week or  
12 so. So we're moving quickly to assess recommendations  
13 and work with our members to continue to move forward  
14 and maintain a reliable system as we go.

15                   So just as a reminder, MISO is a RTO  
16 that sits right in the middle of the country. We  
17 follow generally the Mississippi River from the  
18 Canadian border all the way down to the Gulf of Mexico  
19 and straddle both sides of that river -- 68,000 miles  
20 of transmission with approximately a 120- to  
21 130-gigawatts of peak load that we will serve during  
22 the summer months. I think the big part about this



1 historic or -- 15 states is what we manage -- the  
2 construct of most of the states within MISO are still  
3 traditionally regulated environment. Illinois and part  
4 of Michigan are two re-regulated environments that make  
5 us a little bit different than, say, PJM in regards to  
6 membership participation.

7 And just an interesting highlight, the  
8 end of last week we set an all-time new historic wind  
9 peak of almost 22 gigawatts on our system. So it's  
10 about a 1000 megawatt increase from our previous peak.

11 Coming into this winter, in general,  
12 the NOAA is showing a potential for a warmer than  
13 normal winter for most of the MISO footprint. The  
14 northernmost reaches of the footprint are going to be  
15 closer to normal, and we have seen some indications of  
16 maybe some below normal type of temperatures, depending  
17 on what weather service you look at overall. The other  
18 part of that, is an expectation of a higher than normal  
19 precipitation forecast for our central and north  
20 regions of the footprint. Which is going to be  
21 important because when you have a significant amount  
22 of -- even if we don't see any extreme cold

1 necessarily. A lot of precipitation, ice, snow, can  
2 have just as much effect on the operation of the grid  
3 as extreme cold weather.

4 Now, just because NOAA says that we may  
5 have a warmer than normal winter does not mean that we  
6 won't see periods where you will have some extreme  
7 cold. If you get another polar vortex breaking over  
8 the North Pole and those cold temps come in, we could  
9 see some periods of time that reflect those impacts.  
10 In general, MISO's fleet should be sufficient to meet  
11 our operational needs this winter. There are  
12 scenarios, though, that you run into shortfalls and  
13 unfortunately for MISO, we have a very specific example  
14 that we saw within this past calendar year of a  
15 situation where cold weather dipped too far into our  
16 southern footprint and caused outages on the generation  
17 system for us as well as our neighbors. And it  
18 resulted in part of a footprint not having enough  
19 generation to meet its load needs. And I think that  
20 risk is -- still holds true from an annual basis.

21 We would likely depend on load  
22 modifying resources as we move into this calendar year,

1 but for MISO to get to load modifying resources, we  
2 have to be in an emergency condition. So you may see  
3 MISO declare emergency conditions more often.

4 This summer we had a strong uptick of  
5 emergency calls on our footprint because so much of our  
6 resource adequacy -- almost our entire reserves are met  
7 through load modifying resources behind those emergency  
8 calls. So you shouldn't be surprised to see emergency  
9 calls this winter, as is just going to be part of our  
10 normal operations. However, the extremes are where the  
11 concerns are. And unfortunately, extremes aren't  
12 theoretical for us anymore. They are very factual in  
13 what we have seen. If you look at what's going forward  
14 here, some of those risks that you see from a winter  
15 profile perspective is -- the most outages we've ever  
16 seen in 2019 was about 46 gigawatts of capacity on a  
17 system that carries about a 160 gigawatts of installed  
18 creditable capacity. That is a significant reduction.  
19 And that's primarily due to cold operating  
20 temperatures, fuel supply availability, specifically in  
21 2019 and in 2021 around natural gas. Now, you'll see  
22 below that dotted yellow -- or dotted orange line some

1 conversation in regards to additional risk that make  
 2 generation available or not available on our system.  
 3 And a lot of times you have gas issues. That  
 4 competition for generation to get natural gas,  
 5 especially during the cold days, makes it difficult if  
 6 you don't already have firm transportation and supply  
 7 contracts. If you're leaning on the natural gas system  
 8 and an interruptible or a lower level of firmness, you  
 9 have an opportunity for gas not to arrive. And we saw  
 10 that in February.

11 I think you'll hear from us, as well as  
 12 PJM little bit later, around conversations on fuel  
 13 availability for coal this season. There's also a  
 14 concern on coal associated with the reagents or the  
 15 catalysts that are used in scrubbing -- that there's a  
 16 supply chain issues around that.

17 Cold temperatures, again, we saw this  
 18 very much this past year. We saw 10 gigawatts of  
 19 capacity fail to operate because it got below their  
 20 operating temperatures -- more in our central to  
 21 southern part of our footprint.

22 Transmission congestion will cause

1 capacity to go. And then you have the uncertainty  
 2 around your variable resources, such as wind, on the  
 3 system. Which is, you know -- MISO's got 26 gigawatts  
 4 of wind installed. Our peak is about 21, 22 gigawatts  
 5 of performance, but it only gets accredited at about  
 6 four gigawatts. So sometimes when you're running into  
 7 tight situations, if the wind is blowing, it looks a  
 8 lot less tight if the thermal bleed is not showing up.  
 9 But if the wind is not blowing, it'll show you that  
 10 there are a few megawatts that we account for, but we  
 11 try to plan around that uncertainty.

12 And then, of course, another big  
 13 uncertainty for us is net scheduled interchange. And  
 14 that's what you'll see quite a bit. MISO would have  
 15 been in a lot worse shape if not for our friends to the  
 16 east in PJM and having capacity available because they  
 17 weren't being impacted by that polar vortex in February  
 18 like we and the Southwest Power Pool were. And they  
 19 were able to export power to both MISO and Southwest  
 20 Power Pool, and that allowed for us to be able to  
 21 maintain reliability as much as we did on those systems  
 22 because of that transportation in.

1                   So there's a lot of opportunities for  
2                   generation or additional resources to be made available  
3                   to the MISO footprint. But there's also a lot of  
4                   opportunities for poor performance depending on weather  
5                   conditions, fuel supply, and transportation.

6                   And really that's it. I pushed  
7                   through mine fairly quickly for you all. I know PJM  
8                   has a lot of the same conversations and I believe they  
9                   have a little bit more insight into some of the weather  
10                  conversations than I have. So I'm going to turn it  
11                  over to my peer at PJM and let Stephen talk a little  
12                  bit and then be ready for questions when he's done.

13               MR. BENNETT: Thank you very much. I'll do the  
14               same sound check right now.

15               MS. NEVELS: We can hear you great.

16               MR. BENNETT: Great. Thanks very much. Let me  
17               just get my slides up here, and then I will just.  
18               Sorry. Can you see my slides?

19               MS. NEVELS: Yes, we can.

20               MR. BENNETT: Great. Thanks very much. So,  
21               Madam Chair, Commissioners, Staff, thank you for the  
22               opportunity to present to you today. My name is

Stephen Bennett. I am the manager of regulatory and legislative affairs for PJM interconnection.

If you have seen me give any presentation about PJM in the past, you know that I've usually included this slide and have focused on the amount GDP produced in PJM. But what has always been a focus, but not clearly vocalized enough by myself, is that we also serve sixty-five million people. And I'd like to assure the ICC and everyone listening that PJM is dedicated to a reliable bulk power system, knowing that it is vital to both the lives and livelihoods of those sixty-five million people.

PJM is focused on reliability, but we also seek to produce that reliability by also providing a value proposition to those within our footprint. PJM's regionally, geographic diversity, scale and operation and efficiency lends itself to a number of billions. We estimate between three and four billion dollars in value to the business -- people and businesses within our footprint.

As I indicated, for PJM, reliability is job number one, and that is 365 days a year, every year

1 that we're in existence. We are fully committed to  
2 reliability and hope that our markets, operations, and  
3 planning efforts are dedicated to maintaining that  
4 reliability at the most efficient cost.

5 At PJM, we like -- there's many  
6 components that go into reliability, but we like to  
7 think of them as four basic building blocks: Adequate  
8 supply, making sure that we have enough generation and  
9 demand response resources to meet needs throughout the  
10 year. Accurate forecasting of what our load will be in  
11 the near term, near-, mid-, and long-term periods. And  
12 that's an area where PJM continually evolves and tries  
13 to improve our forecasting as we go forward. A robust  
14 transmission system. As MISO indicated, transmission  
15 is key to making sure that power flows not only within  
16 our footprint, but between our footprints. And we know  
17 that if PJM were to find itself in a similar extreme  
18 weather condition as PJM -- as MISO an SPP had, that we  
19 could count on them for the same assistance that we  
20 provided last February. And then efficient and  
21 effective operations to make sure that we can balance  
22 load and supply on an instantaneous basis throughout



the year.

Quick overview of the ComEd region of Illinois, which is the region that PJM shows -- serves, sorry -- is that it shows that Illinois is now very much a natural gas and nuclear generation fleet state with an increasing amount of renewables both through economics and through the policies implemented both by the Illinois legislature and the ICC. We see that peak load is decreasing within the ComEd zone similar to how it seems to be decreasing across the PJM footprint. I will note one addition in this slide to the one that I presented or provided previously, and I will provide the update. Unfortunately I used an older slide that did not take into account that we actually did have a BRA option for our capacity market and the ComEd zone did separate at a price of almost sixty-nine dollars.

Oh, one other note is that both in PJM and in ComEd the amount of emissions -- the rate of emissions across our footprint and operating portfolio have been decreasing for a number of years.

PJM is a fairly balanced region where we have installed capacity of nuclear, natural gas and

1 coal with an increasing amount of renewables. As you  
 2 can see here, natural gas has surpassed the other major  
 3 fuel types -- A marked difference from what you might  
 4 have seen 10 or 15 or 20 years ago. And Illinois, as I  
 5 indicated before, tends to be a nuclear and natural gas  
 6 state. Of course, Illinois is the largest nuclear  
 7 generating state in PJM, the US, and I believe, North  
 8 America.

9 PJM's weather outlook is -- first  
 10 let's just do a quick review of the winter -- last  
 11 winter. What we actually saw was a return to what were  
 12 could be considered slightly normal temperatures, as  
 13 opposed to, what we've seen as somewhat elevated  
 14 temperatures over the last couple of winters. Of  
 15 course, there was a big influence of the February  
 16 storm, and the extreme cold of February had a  
 17 significant impact on the average temperatures that we  
 18 saw. Looking forward, very similar to -- I think the  
 19 meteorologist from PJM and MISO probably come from the  
 20 same school of thought, in that it looks as if we are  
 21 going to have a La Nina winter, which could mean warmer  
 22 temperatures across the PJM and MISO operating

1        footprints. But, as MISO indicated, there are a number  
2        of phenomenon that can create short term and near term  
3        weather impacts that are impossible to predict at this  
4        point. So while the La Nina impacts are very well  
5        understood, the potential for extreme weather to occur  
6        is still certainly there. And we could see, although  
7        we all hope not, something similar to what we saw last  
8        year.

9                        And from a precipitation perspective,  
10       it looks like -- and for those of you that like snow,  
11       you might be in for a fun winter. And for those of you  
12       that are less interested in snow, you can see that  
13       Arizona, New Mexico, and Florida might be a better  
14       place for you to spend the winter if you're not a big  
15       shoveler, if you will.

16                      PJM talked about our load forecast and  
17       our hopefully increasing accuracy of our load forecast.  
18       But when we look at our forecast, it's a combination of  
19       macro, microeconomics, demographics, and system  
20       topology. And so we look at behavior, weather,  
21       economics behind the meter generation. All of those  
22       and a number of other facets go into our load

forecasting. Generally, we see PJM's RTO winter peak forecasting decreasing year over year, although you can see some anomalous peaks over the past few years, and somewhat surprisingly, last year our peak was relatively low despite the fact that just to our west, we saw such extreme temperatures. And again, goes to show that both economic diversity within our footprint and across our neighboring control areas can have some very diverse impacts but also allow us to cooperate and provide support when necessary.

Looking specifically at PJM's preparation for the winter, you can see here that these are some of the things that PJM does in preparation for every winter, including the upcoming one: Ability assessments, coordination with our neighboring systems. We do conduct emergency procedures and drills to prepare both staff and stakeholders for any emergency operations as well as the unfortunate need for ongoing pandemic planning coordination and communication as well.

Our forecast demand this winter is around a one hundred thirty-three thousand megawatts.

We did our average study at a one hundred thirty-eight thousand megawatts and our high study at a one hundred forty-three thousand. You can see that our all time winter peak is around a one hundred forty-three thousand. So PJM studied for this winter based on that one hundred forty-three thousand peak, and even our average study is slightly above. I will note that our study did not discretely and explicitly include any of the restrictions related to the CEJA legislation recently passed in Illinois. However, because our PJM studies include a number of sensitivities, some of them fairly extreme in load and loss of natural gas, we have reasonable confidence that we will have continued reliability through the upcoming winter although we will continue to work with both the state and the generation resource owners in the state to understand the impacts of CEJA and how best to move forward to maintain reliability.

You can see here this is a little bit more precise in our load forecasting based on our modeling, the net interchange with our neighbors. We look at our modeling of a net interchange of almost six

thousand megawatts. Our installed capacity is about one hundred eighty-eight thousand megawatts, although about a one hundred seventy thousand of that is committed through our capacity market. Through all of this analysis, we are not seeing any reliability issues identified at this time.

This is just an explanation of what we do for our 50/50 peak. So that's basically our base case. And here it shows that while we have no reliability issues and we could manage any of the additional issues that resulted from our modeling.

Our winter study sensitivities include external contingencies, additional trip conditions. So not just the loss of one major asset, but the additional loss of a second major asset. Maximum credible contingencies. So we try to think through the absolute maximum impacts of what we consider credible contingencies that could occur on the system. We look at transfer interface analysis. We look at specific -- when necessary, we look at specific load zones to make sure that they have the appropriate capability. We look at that high load scenario that I discussed. As

1 well as discussion of -- or as well as analysis of  
2 solar and wind -- reduction in solar and wind  
3 capability and the loss of generation due to gas  
4 pipeline disruptions.

5 And our gas pipeline disruption study  
6 both looks at local distribution companies as well as a  
7 number of compressor stations and infrastructure based  
8 on our EMS system. Our largest gas contingency studied  
9 was a loss of gas supply to five thousand megawatts of  
10 generation. And all of those studied conditions -- no  
11 reliability issues were observed.

12 Quickly, to the fuel outlook. It's  
13 interesting because what we're seeing actually, from a  
14 data and statistics perspective, natural gas production  
15 rates remain strong and the storage inventory seems to  
16 be improving. Right now we see year over year  
17 increases in production and only a small decrease over  
18 the five-year average storage level. The PJM region  
19 actually has a large amount of the United States' gas  
20 production as well storage. So while we do see a  
21 steady demand, improving storage and improving  
22 production rates, prices are up significantly. And

1 while we can't predict prices, I do believe that it's  
2 reasonable to expect that any large changes in weather  
3 forecasting could create continued volatility in  
4 natural gas.

5 As MISO indicated, we are seeing lower  
6 U.S. inventories of coal, as well as ongoing  
7 transportation concerns. In addition to that -- or in  
8 response to that, I'm sorry, PJM has implemented new  
9 emergency procedures in an attempt to maintain coal  
10 supplies of between 10 and 21 days.

11 This is just some additional statistics  
12 about dry gas production in the United States, North  
13 America.

14 Our gas-electric coordination team is  
15 really key. Both throughout the year, but especially  
16 heading into the winter. It is the team that we use to  
17 interface with the natural gas industry. So before the  
18 winter, we work with our neighbors and others in the  
19 industry to review all of the prep activities. We meet  
20 with the Natural Gas Supply Association, and then  
21 throughout the winter, we have daily, weekly and  
22 ongoing monitoring of any kind of natural gas



contingencies or concerns.

I always do a shameless plug for the PJM Now App. You can find that in both the Apple Store and the Google Play Store. And it's a great way for you to monitor load, demand, generation, portfolio, what's running at the time, where the power is flowing into and out of PJM as well as prices. So if you're interested in monitoring or how PJM is doing over the winter, the PJM Now App is a great way to do so.

And here's my contact information for later. Thanks very much.

MS. NEVELS: Thank you to J.T. and Stephen for your remarks. We will now open the floor for questions.

Commissioners, do any of you have any questions for the speakers?

CHAIR ZALEWSKI: J.T. and Stephen, thank you very much for the presentations. This question is for JT. Stephen touched on the implications of CEJA for modeling for this year and for the future years. And I'm wondering if you could just touch on that. If the modeling that you presented today includes some of

these implications of the new CEJA legislation.

MR. JT SMITH: So you're going to hear a voice and you're not going to see me talk. Bob Kuzman with MISO is in here with me, and he's going to address this question.

MR. KUZMAN: Thank you, Madam Chair. Yes, we are working through some of the models. I actually worked with some of your staff, and we'll continue to work with them. As part of the CEJA requirements is that there's a report that has to be generated with the ICC report to the General Assembly, and we intend to work with staff to gather that data.

We haven't started the modeling yet. We will continue to monitor what is happening with CEJA and your staff to make sure we provide them all the data needed. Hopefully that addresses your question.

CHAIR ZALEWSKI: Yep. Thank you. I can certainly appreciate that. I know there's lot in the 984 pages.

Another question for J.T. I'm looking at page four of your slides, and you have the low generation capacity for January. I wonder if you could

1 just unpack it a little bit more? What the  
2 implications are, and what the plan is if there is an  
3 issue in January.

4 MR. JT SMITH: Yeah, sure thing. So when we go  
5 into situations like that, that example for that  
6 January is associated with our January of 2019 cold  
7 weather event that we saw that impacted our North  
8 Central Region on that end. And we and during that  
9 time, we saw a significant amount of capacity  
10 unavailable due to natural gas supplies. We saw wind  
11 units on our system go through cold weather cutouts.  
12 And what that ends up doing is MISO prepares for those  
13 types of events. As we see the cold weather come in,  
14 we're assessing all of our fuel availability. We're  
15 assessing the wind production, and we're also calling  
16 our neighbors, like PJM, like the Southwest Power Pool,  
17 to understand what their positions are going to be  
18 around that same time frame. To make sure that if we  
19 are going to be tight and PJM is not, we have an  
20 opportunity to make sure that the market prices are  
21 reflective of our emergency conditions and allow for  
22 some of those imports to come in. Same thing would be

1 true for the Southwest Power Pool in '19, that's what  
 2 happened. In 2021, unfortunately, Southwest Power Pool  
 3 was also caught up in the cold weather with MISO and  
 4 was not able to supply to MISO and actually we were  
 5 both leaning to the east. So what you end up finding  
 6 in those situations is if fuel supply is unavailable,  
 7 if resources are failing because of that cold weather  
 8 performance, then you're working with your neighbors to  
 9 ensure that there's capacity available and you're  
 10 making sure that your market signals are correct to  
 11 provide those imports to come in. And you're also then  
 12 spending that time to touch base with your membership  
 13 and making sure their emergency procedures, access to  
 14 their load modifying resources, demand response  
 15 capabilities, all are prepped and ready to go to help  
 16 manage or mitigate significant widespread impacts  
 17 associated with that.

18 Q. Okay.

19 CHAIR ZALEWSKI: Thank you. That's all my  
 20 questions.

21 MS. NEVELS: Commissioner Carrigan in  
 22 Springfield, did you have any questions?

1 COMMISSIONER CARRIGAN: No, not at this time.

2 Thank you.

3 MS. NEVELS: Joe, did you have anything you'd  
4 like to ask?

5 MR. FALLAH: Yes. I think I have one. So both --  
6 and Steve, to the extent that you can speak to the --  
7 to what extent the look at demand for natural gas,  
8 especially during the winter season, is accommodated in  
9 your forecast and model, on a local level, for example,  
10 say in the State of Illinois?

11 MR. BENNETT: Do you want to go first? Or I'll  
12 take that.

13 So when we look at natural gas, we look  
14 at local demand across -- we look at demand across all  
15 aspects of natural gas. We try to look at demand --  
16 supply and demand and usage. Residential natural gas  
17 is, of course, served by LDCs, is state jurisdictional,  
18 and also has priority usually from a demand  
19 perspective. PJM's capacity -- the structure of PJM's  
20 capacity market is such that there are significant  
21 penalties for capacity resources that are unable to  
22 meet their capacity obligation when called upon. And

1 because of that, what we have seen is actually a large  
 2 increase in the use of firm transportation contracts  
 3 for those units as well as the use of dual fuel  
 4 capabilities. So right now PJM has a high comfort  
 5 level with our gas resiliency heading into this coming  
 6 winter. But, again, our gas-electric coordination team  
 7 is very key to monitoring, you know, longer term  
 8 forecast -- ahead forecast, weekly, daily operational  
 9 metrics to make sure that we are aware of the natural  
 10 gas supply and demand needs and making sure that we  
 11 have enough natural gas to supply generation needs.  
 12 And, if not, making sure that our operational folks  
 13 know what will be required of them to overcome any  
 14 deficiencies in the natural gas infrastructure.

15 MR. JT SMITH: And on the MISO side, you'll hear  
 16 there's a lot of the same story that sits there for us.  
 17 You know, the industry in general, between --  
 18 especially at the RTO levels, the coordination that we  
 19 have, along with the natural gas pipeline and  
 20 production and multiple venues, allows us all to have a  
 21 good touchpoint of conversation as well as an  
 22 understanding of each other's industries and how things

are working. And in addition, at least on the MISO side, we do survey our members on an annual basis to understand what their contracting profiles are in regards to natural gas, fuel delivery, and procurement. We utilize that information when we get into these cold spells to understand that if a unit has less than firm transportation of any kind. If we start running in and are monitoring and find that certain pipelines are submitting or providing operational flow orders or letting folks know that interruptible is not going to be served, we're automatically reaching out to our membership and asking what their situation is and what the understanding is of their availability so that we're not getting surprised in real time and that we're trying to be as prudent in our planning ahead. We were able to do that this past winter for a few plants actually, either in or around Illinois, I believe, that did not have interrupt -- that had interruptible transportation. And when we found out their pipeline was basically saying all of our gas is going to LDCs to serve heating load, we reached out and we were informed that those units would not be available. And it's a

lot better to do that ahead of time than it is in real time.

PJM mentioned their performance measures around capacity. MISO is moving to a more seasonal construct and accreditation policies to better reflect the performance of these units in different times of year. I don't care if a unit performs well during the summer when it's not available in the winter. That's something that we're going to start capturing better in our new capacity construct proposals that I believe are going to FERC in December for filing.

MR. FALLAH: Thank you.

MS. NEVELS: Great. Thank you both. We are a little bit ahead of schedules. So if any of the other speakers have questions for this panel, please feel free to unmute yourselves and ask. Otherwise, we can move right along to panel number two.

MS. NEVELS: So seeing no other questions we will keep it moving. For our second panel -- Oh.

COMMISSIONER KIMBREL: I'm sorry.

MS. NEVELS: Yeah.



COMMISSIONER KIMBREL: Well, I think I'll ask a couple of questions.

MS. NEVELS: Okay.

COMMISSIONER KIMBREL: Thank you. Gentlemen, are there any reasons to be concerned that the increase in use of natural gas as an electric generation fuel is displacing the availability of natural gas for residential uses?

MR. JT SMITH: I'll start with this one, Stephen, if you don't mind. I don't believe it is putting in jeopardy the natural gas available for residential heating. What you'll generally see, or at least this is true in the MISO footprint, most of the firm transportation that built those pipelines are those heating loads. And what the electric industry or what the electric generation does is generally work off the interruptible transportation around those pipelines. So if the gas is available, you'll see the natural gas fleet and the generation side utilize it. But it's one of those that I do recall, at least in another part of our footprint, that those entities that you have both generation and -- or electric and gas utilization or

1 companies under the same umbrella, I have seen in the  
2 past diverting firm transportation of generation to  
3 heating loads to make sure that they were enough on  
4 that. So I have seen it done in the past, but I --  
5 most of our generation is interruptible and it's not  
6 eating into those firm contracts associated with the  
7 more traditional heating environment.

8 MR. BENNETT: Yeah. Similar concepts or yeah,  
9 similar response from PJM. While it is, again,  
10 something that we monitor -- is one of the multiple  
11 factors that our gas-electric coordination team  
12 monitors both in the near, you know, and the near and  
13 the long term, we don't really see an adverse  
14 conflicting usage in our footprint. Now, again, keep  
15 in mind, PJM is in a sense, replete with both  
16 production -- well with production, with storage and  
17 with transportation. So PJM is in an enviable spot,  
18 both where we are geographically and just with the  
19 plethora of natural gas resources that we have  
20 available to us. It is a little bit different when you  
21 look at some of the northeast, where the pipeline  
22 infrastructure gets constrained very quickly and

1 they're actually more dependent on natural gas as a  
 2 heating fuel. But for PJM right now, it's just not a  
 3 major concern, that conflict between the two, but worth  
 4 monitoring and something we will continue to monitor  
 5 going forward.

6 COMMISSIONER KIMBREL: Thank you, both. And as a  
 7 follow up, is the increase and the use of natural gas  
 8 as an electric generation fuel placing upward pressure  
 9 on natural gas prices at the local distribution level?

10 MR. BENNETT: I can start with that one. We'll  
 11 we'll kind of trade off going first, if you don't mind,  
 12 J.T.

13 But, you know, the thing -- natural gas  
 14 is a global commodity and the number of factors that go  
 15 into pricing, it's, you know, they're numerous. At the  
 16 end of the day, it tends to be, you know, supply and  
 17 demand. Kind of good old supply and demand. That's  
 18 going to be one of the major factors in the price of  
 19 natural gas from a global perspective and a local  
 20 perspective. So certainly the increasing use of  
 21 natural gas in generation is a factor. But the  
 22 significance of the factor or the percentage of the

1 overall price or price increase or decrease, it's hard  
 2 to determine because of the global nature of the  
 3 commodity and the number of factors that go into it.  
 4 You know, I'd keep in mind, that, you know, for PJM,  
 5 over the last several years, we've seen a transition to  
 6 natural gas consistent and significant, while we also  
 7 simultaneously had some of the lowest natural gas  
 8 commodity prices in record -- you know, history. So  
 9 it's possible to have increasing natural gas and low  
 10 prices. But how that supply demand, you know, kind of  
 11 interplay goes forward, again, worth monitoring, but  
 12 difficult to say specifically the impact of electric  
 13 generation in a discrete manner given the breadth of  
 14 the impacts on that as a global commodity.

15 MR. JT SMITH: And I will add nothing to that.

16 COMMISSIONER KIMBREL: Well, thank you, Stephen.  
 17 Thank you, J.T. I'll turn the mic back over to Maya.

18 MS. NEVELS: All right. Thank you both again for  
 19 your time. We will now move on to our second panel.

20 For our second panel this afternoon, we  
 21 are joined by three representatives of utilities. As  
 22 mentioned previously, our utilities have decided to

collaborate and present together regarding three topical areas.

First, we will hear about gas supply and operations from Tom Smith, who's a Manager of Gas Supply at Peoples Gas and North Shore Gas. Next, a presentation on customer outreach will be given by Ellen Rendos, who is the Director of Credit Collections and Remittance at Nicor Gas. And our final presentation regarding energy efficiency will be given by Erin Rasmussen, Director of Energy Efficiency at MidAmerican Energy Company.

Again, our presenters will have a combined 30 minutes and we will reserve 15 minutes for questions and answers. And, again, we ask that all questions be held until the end of presentations. So without further ado, Tom, feel free to take it away.

MR. TOM SMITH: Thank you. Good afternoon, Chairman and Commissioners. My name is Thomas Smith, and I'm the Manager of Gas Supply for Peoples Gas and North Shore Gas. I want to thank you for the opportunity to share the Illinois LDC perspective on gas supply with you today.

The strategies and plans presented today are generally included -- indicative of the following LDCs: Ameren Illinois, MidAmerican, Nicor Gas, North Shore Gas, and Peoples Gas.

Our primary objective is to provide safe and reliable long term service to our customers utilizing a best cost gas purchasing strategy. Gas supply acquisitions, price hedging and storage injections were completed as planned prior to the start of the winter season. We expect customer usage this winter season to be higher than last year, assuming normal weather. Natural gas usage is highly dependent on weather. 75 percent of annual customer usage typically occurs during the heating season.

Last winter was approximately 7 percent warmer than normal. Current winter forecast in Illinois suggests equal chances for normal weather. Current forecasted winter prices are much higher than last year. U.S. storage inventories are lower than last year. Production is down, and LNG exports are up. Normal weather will result in higher heating cost this year because last year was warmer than normal and

future natural gas costs are forecasted to be higher.

Remember that the LDCs don't profit on the price of gas. We pass the cost along with no markup. Hedging, storage and other factors will help us mitigate rate impacts this winter. By keeping a flexible portfolio the LDCs are equally prepared for a winter season with extreme cold weather, another polar vortex, or a warm winter.

The next slide focuses on our gas supply strategy. We have a 100 percent of our winter term gas supply requirements purchased under firm contracts with reliable, creditworthy producers and marketers. These contracts include seasonal base load and peaking supplies, a mixture of base load purchases with monthly index pricing and peaking supply purchases with daily index pricing.

Firm interstate pipeline capacity has been secured to major market hubs and or production basins. We have a forward planning and procurement cycle for our transportation and storage capacity. Most of these contracts contain right of first refusal provisions on our firm capacity.

Storage is on track. Illinois LDCs have their on-system and contracted interstate pipeline storage inventories at planned levels to meet peak heating season demand. Illinois utilities targeted 28 to 60 percent of normal winter gas supplied to be provided from storage.

And our price hedging for winter 2021-22 is also complete. Hedge plans of Illinois utilities target 50 to 75 percent of normal winter demand. Financial and physical head transactions are executed over 12 to 48 month horizon prior to winter. Essentially, we layer in our hedge positions to dollar cost average.

The next slide will show the national storage picture. The blue shaded area is the five year range. The orange line was last year. And you can see we started out last winter at the high end of the storage range. That's the orange line, and we stayed above average -- the dark blue line is the average line. We stayed above average until the February cold spell, and then we dropped below average, and we have spent all summer trying to get back up to that average.



This slide is as of October 29th, and we were pretty close. We have had three more small injections in November that aren't reflected on this graph, but we essentially got pretty close to average.

A. The LDCs in Illinois have filled their stores to plan levels, which typically means filling most services near capacity at some point between October and December. Certain LDC storage facilities typically inject in November and can even continue to inject into early December.

The next slide is the natural gas production per day. And again, the blue shaded area is the five-year range. The orange line is this year. Two things to note: The dip in the green line is pretty much right around when the pandemic really started. And you can see it's taken us pretty much all of 2021 to get back there. We did have a big dip in February and production when the freeze offs and other equipment related issues in Texas and the south caused some wells to be shut in, and we have been slowly trying to get back to our pre-pandemic high levels, which you can see by the orange line over to the right.

We're almost there.

The next slide is my winter forecast. It's a little more conservative than what PJM showed. But it's also from July, and it's only for December through February. And it basically shows equal chances of normal weather in Illinois. Just one thing to note: If it's, you know, one-quarter of one percent warmer than normal, it would show warmer than normal. So equal chances is pretty good for us for this winter.

Now, a couple slides on prices. This is global natural gas prices. The orange line across the bottom is the U.S. Henry Hub price. And it has just recently crept over the five dollar range. But you can see what the other international prices have done -- are doing. That's the Asia LNG price and also some other international points. Those have spiked to over \$30 in that same time scenario. Because of this spread. U.S. LNG exports are at or near their daily physical maximum capacity, which is one reason contributing to our current high prices.

The next slide is the actual prices in Chicago forecast. The black line on the bottom was

last year's prices in Chicago, and then the blue line is the current year. November was set at over six dollars, and the current forecasts for December through March are lower than that. Hopefully, November will be the highest priced month of the season.

The next slide is more history. You can see that gray shaded range is the price range from 2006 to 2010. And then the colored lines at the bottom are what we've experienced recently. We've really been in a low price environment, 2018, 2019, 2020, all below that range from 2006 to 2010. And then you see the red line. The red line is the current year, and we have have been rising all summer. Again, mostly due to low storage rates and lower production.

The next slide is a little bit more history. It goes back a little bit farther, but it also includes the forward curve. That red point of the graph on the right is the current forward curve, and you can see that after this winter, it drops back to a more normal rate. And that really is because of a production expected to come back to pre-pandemic levels in early 2022.

1                   This is our peak day. All of the LDCs  
2                   in Illinois are projected peak design day. You can see  
3                   the combination of resources to meet our peak design  
4                   day. A cumulative total of almost ten million includes  
5                   over four and a half million of pipeline transportation  
6                   and storage capacity and four million of utility owned  
7                   storage within Illinois. The other piece is  
8                   1.2 million of third party supplies. Those are  
9                   customers that buy their gas from someone other than  
10                  the utility. As I mentioned earlier, we don't profit  
11                  on our gas purchases. We pass the actual cost along to  
12                  our customers. The LDCs continue to beat the third --  
13                  the alternative natural gas suppliers, but they're  
14                  still expected to bring in almost 10 percent on our  
15                  peak day.

16                  The next slide is our actual peak day  
17                  from 2021. We had over seven million on our peak day  
18                  last year. If you recall, it was over nine million on  
19                  the actual design. So we were about 72 percent of what  
20                  we were expecting to see on a peak day. Our peak day  
21                  usually occurs in January, but the high day last year  
22                  occurred in February. In fact, we saw almost four high

1 days in a row during that Presidents' Day weekend in  
2 February of 2021.

3 Final slide. In summary, as stated  
4 earlier, our gas supply acquisition and price hedging  
5 is complete. Our storage injections are on schedule.  
6 Weather expected to be normal, but could vary. Each  
7 utility maintains a flexible portfolio to maintain all  
8 outcomes. Prices are up, and we expect price  
9 volatility to remain as weather, production, and  
10 exports fluctuate. The gas supply plans that we have  
11 in place will help mitigate these issues.

12 Thank you for allowing me the time to  
13 present today.

14 MS. NEVELS: Thanks, Tom. Ellen, feel free to  
15 begin whenever you feel ready.

16 MS. RENDOS: I'm ready. Thank you.

17 Good afternoon, Chairman and  
18 Commissioners. Thank you for having us here today. My  
19 name is Ellen Rendos, and I'm the Director of Credit,  
20 Collections and Remittances for Nicor Gas, and I'm  
21 pleased to be here today to speak on behalf of Nicor  
22 Gas, MidAmerican, Ameren Illinois, Peoples Gas, and

1 North Shore Gas about our customer service and outreach  
2 initiatives in advance of the winter season.

3 Today's presentation will focus on  
4 winter preparedness, communications and outreach,  
5 including a look at the year 2021 and COVID, financial  
6 assistance, customer outreach, and then customer  
7 safety.

8 Go to the next slide. I'd like to give  
9 an update on some key events for the year 2021. In  
10 response to the pandemic and the plight of our  
11 customers, we worked closely with various consumer  
12 groups and staff for months to come up with an  
13 agreement, and we're proud of it. This agreement  
14 contained many important provisions as residential  
15 customers were about to come out of the winter  
16 moratorium. This included bill payment assistance  
17 programs, extended deferred payment arrangements,  
18 reduced reconnection amounts, targeted communications,  
19 reporting requirements, and most importantly, a tiered  
20 approach to starting disconnections off slowly and at  
21 the highest dollar amounts. In addition, income  
22 qualified customers were exempt from disconnections

through June 30th.

I see my video is not working. I think it's not open. Sorry.

Thank you. At a high level, we'll cover financial assistance. Illinois natural gas utilities received one hundred seventy million for LIHEAP for the 2021 program year. Illinois ranked fourth in federal funding levels behind California, New York, and Pennsylvania. In the 2022 program year, started September 1st for both LIHEAP and PIPP, we have received one hundred fifty-five million for the program year 2022, again, ranking fourth in federal funds.

I also want to highlight the 2021 results. Approximately two hundred sixty thousand LIHEAP and PIPP households received three hundred seventy-three million in federal and state funds. And we'll cover those increases later in the presentation, but they were significantly higher than the year before.

Next slide please. In addition to LIHEAP, Illinois natural gas companies have their own financial assistance programs to support customers with

1 natural gas heating costs. These programs cast a wider  
2 net than LIHEAP based on different income guidelines.

3 COVID did restrict in person outreach  
4 again this year. So Illinois utilities took to other  
5 measures to communicate programs some of which are  
6 displayed here on the slides.

7 Next slide. The COVID financial  
8 assistance was even more significant this year and had  
9 a tremendous impact on our customers past due balances.  
10 The utilities had arrearage reduction and reconnection  
11 assistance through their bill payment assistance  
12 program totaling forty-seven million dollars over 2020  
13 and 2021, helping almost a one hundred seventy thousand  
14 customers. DCEO used some of the additional funding  
15 and developed the UDAP, the Utility Disconnection  
16 Avoidance Program. This amounted to over sixty-two  
17 million for sixty-three thousand of our customers.  
18 This program covered past due balances over \$250 and up  
19 to \$5,000 for income qualified customers, not only in  
20 the current program year but also the two prior program  
21 years. This was significant since all the utilities  
22 had seen a drop during the pandemic. We know that the



1 customers that were income qualified before the  
2 pandemic were more than likely still qualified. In  
3 addition, current LIHEAP customers received a  
4 supplemental \$100 grant in July 2021. This amounted to  
5 almost twenty million dollars for one hundred  
6 forty-nine thousand customers.

7                   Next slide. Thank you. Outreach  
8 continues to be even more critical during COVID. We  
9 kept our customers informed with postcards, emails,  
10 bill messages, text messages, phone calls, and letters.  
11 Customers were informed about the more flexible payment  
12 options that were available that included deferred  
13 payment term -- DPA terms and how to enroll in these  
14 newly available options. Communications also outlined  
15 the other programs that provided financial assistance  
16 for customers, such as LIHEAP and bill payment  
17 assistance programs. Utility websites were updated to  
18 reflect this important information as well as helping  
19 customers be aware of other non-utility programs.  
20 Customer education on about these financial assistance  
21 programs are a priority for each of the respective  
22 utilities year around, but especially ahead of the cold

winter months. All the Illinois gas companies utilize a variety of communication channels to educate customers about financial assistance and make information as accessible as possible for them. Some of the communication channels and messaging regarding financial assistance include web, print, media, and social media.

Please go to the next slide. Illinois gas utilities are working diligently to inform our customers so they can prepare for increased natural gas prices this winter, offering information about budget billing, financial assistance, and energy efficiency tips and programs.

We continue to also provide call center refresher training for employees just prior to the heating season to review winter rules and processes that change with the winter season. This includes discussions with customers that are struggling to pay their bills and where to refer customers who may need energy assistance. Call center representatives offer suggestions and options to help customers manage winter bills and provide information specifically for a

customer's individual needs. There have been media interviews to discuss what customers can expect and how they can make customers aware that winter heating bills may be higher than normal because of gas prices.

Last I'm going to cover customer safety. Safety is a priority for all the Illinois natural gas companies. Educating our customers and raising awareness about additional winter risks of carbon monoxide buildup, ice and snow removal, and fire prevention is extremely important.

Go to the next slide. All the communications we've covered today are designed to ensure customers have the access to the information they need when they need it and ahead of the winter heating season. Our collective efforts to educate customers around available financial assistance, our ongoing efforts to ensure an outstanding customer experience, and our extensive communications around both natural gas and customer safety will help ensure winter preparedness for our customers and communities. Thank you.

MS. NEVELS: Thank you, Ellen.

1 MS. RENDOS: I'm sorry my video didn't work.

2 MS. NEVELS: That is just fine. Thanks Ellen.

3 Erin, whenever your slides are up, feel  
4 free to proceed.

5 MS. RASMUSSEN: Great. Thank you. Good  
6 afternoon. My name is Erin Rasmussen. I'm the  
7 Director of Energy Efficiency for MidAmerican Energy.  
8 Today I'll be presenting on energy efficiency programs  
9 on behalf of Ameren Illinois, MidAmerican Energy Nicor  
10 Gas, Peoples Gas and North Shore Gas.

11 Next slide. Thank you. Okay. Our  
12 discussion topics today will include a brief update on  
13 COVID-19 impacts, updates on activities related to  
14 low-income and public sector customers, and workforce  
15 development.

16 Just a brief statement on COVID-19.  
17 The pandemic does continue to disrupt everyday life.  
18 Although we are doing more in-person outreach and  
19 activities with the appropriate PPE. Customer  
20 preference is still adhered to, and we continue to  
21 offer virtual options where reasonable. We all partner  
22 with community based organizations to reach our

low-income customers.

Ameren Illinois programs are offered to residential customers at or below the 300 percent property level, including energy assessments and kits. They have engaged with over seventy-one thousand customers year to date through virtual outreach. The Smart Saver Initiative has provided 5,500 no cost smart thermostats and is expected to end in the year at over 7,000.

MidAmerican partners with Illinois Quad City's agency, Project Now, to support the weatherization assistance program. Additionally, customers participating in the home energy report program receive low-cost, no-cost tips to reduce winter consumption. All residential customers, including low income, have free access to an online home energy assessment and energy efficiency kits.

Nicor Gas partnered with Operation Warm to provide over 800 winter coats and access to free weatherization kits and services. They launched three pop up grocery store and resource fair events in areas with high food and security levels and energy kits and

1 information on free weatherization and assistance  
 2 programs were provided. They delivered energy kits,  
 3 assessments and weatherization services along with  
 4 Ameren Illinois in the Bloomington-Normal area. And  
 5 they continued to partner with community action  
 6 agencies to implement an energy kit initiative.

7 Peoples Gas and North Shore Gas offer  
 8 residential programs to customers at or below the 200  
 9 percent poverty level, and they partner with community  
 10 action agencies. In preparation for winter, they will  
 11 distribute energy kits with free products and energy  
 12 saving solutions.

13 We all work to build relationships with  
 14 public sector customers. Ameren Illinois has completed  
 15 over 6,000 projects for public sector facilities since  
 16 2018. They continue to partner with organizations to  
 17 promote opportunities for participation. MidAmerican  
 18 offers a one-stop-shop for public sector customers to  
 19 take advantage of energy efficiency opportunities. In  
 20 2021 there have been three new public sector customer  
 21 enrollments and four public sector buildings completed  
 22 in the commercial new construction program.

Nicor Gas continues outreach to public sector customers to offer energy assessments and direct install programs. Both provide -- pardon me. They provide both in-person and virtual site visits and assessments. And they focus on providing resources to small business and public sector customers in income eligible areas through the business optimization program.

Peoples Gas and North Shore Gas provide resources and monthly webinars to increase program visibility. They partner with five of the largest public sector accounts in the City of Chicago and its sister agencies to discuss energy efficiency opportunities, and they have customer spotlights for CPS, CTA and Cook County.

Finally, I'll highlight the activities related to workforce development for each utility. Ameren Illinois continues to increase the number of diverse owned program allies, which is 22 percent of the total network. They have procured diverse suppliers for 29 percent of both program implementation and material spend this year. Their market development

1 initiative internship program funded 21 employees and  
2 22 interns in 2021.

3 MidAmerican emphasizes inclusion of  
4 diverse suppliers and all energy efficiency portfolio  
5 RFPs.

6 Nicor Gas provides job readiness  
7 training online. They partner with the Construct  
8 Program and continue to focus on sourcing and  
9 onboarding diverse vendors and contractors.

10 Peoples Gas and North Shore Gas place  
11 an emphasis on diverse suppliers, and they have  
12 continued their partnership with Nicor in the Construct  
13 Program.

14 On behalf of the energy efficiency  
15 teams at Ameren Illinois, MidAmerican, Nicor Peoples  
16 and North Shore Gas, I thank you for your attention and  
17 look forward to your questions.

18 MS. NEVELS: Thanks, Erin. Thank you again to all  
19 three of you for those updates and your time today.

20 We will now open the floor to  
21 questions. Commissioners?

22 CHAIR ZALEWSKI: Yeah, I have a question. Tom,



1       you talked about the wholesale prices and how they're  
2       increasing and also how it's a pass-through cost for  
3       your customers. And you also talked a bit about how  
4       you plan, with the storage, looking out 18 to 24  
5       months. And so you talked a lot about the different  
6       dynamics which set the price for natural gas for your  
7       customers. But just to wrap it all up, I'm wondering  
8       if you could just answer the question. How does a  
9       weather event that happens in Texas impact the bill --  
10      the number on the bill that your customers see?

11           MR. TOM SMITH: Yes. Thank you. I can try.  
12      Stephen talked a little bit about it with supply and  
13      demand. It's basically the law of supply and demand.  
14      There was a lot of demand in Texas and no supply. They  
15      had a lot of equipment failures. They had a lot of  
16      wells freeze off. They had a lot of electricity fail.  
17      They needed as much gas-fired generators as they could.  
18      And so they were calling for all the gas, and the gas  
19      will go wherever the price is higher. So they were  
20      buying gas in Texas for 3, 4, \$500, and that raised the  
21      price everywhere else because gas can get down there.  
22      So the gas will go where the price is the highest. So

essentially it's the law supply and demand.

CHAIR ZALEWSKI: Can you talk a little bit of how that interacts with your storage that you procure the stored gas and the wholesale market? Wholesale prices?

MR. TOM SMITH: Yep. Again, that was a pretty high send-out day in late February. We did satisfy a lot of that send-out load with storage gas, but we could not get all of that gas out of storage. Compounded with the fact that it was a four-day holiday weekend and you have to -- you're buying gas for the weekend, four days, there was -- we could not supply it completely with storage alone, and we had to go out and buy some gas at that daily price. But storage did make up a lot of that load that day, but not all of that load.

CHAIR ZALEWSKI: Thank you. That's helpful. That's all I have.

COMMISSIONER KIMBREL: Madam Chair, I think as a follow up, I would just ask what are the differences between supply and demand between this year and last year?

MR. TOM SMITH: A lot less supply. Again, we

1 were coming off a record production in 2019 and early  
 2 2020, so a lot less supply, a lot less production. And  
 3 then we came out of -- 2019 was a relatively normal  
 4 summer so we had the high storage. So we started last  
 5 winter with high storage, high production, and both of  
 6 those went away as we got colder weather and less  
 7 production. So, again, it really comes down to the law  
 8 of supply and demand. More demand than supply.

9 COMMISSIONER KIMBREL: Thanks Thomas.

10 MR. TOM SMITH: Your welcome.

11 MR. FALLAH: I think you already answered the  
 12 question about pricing, but I had a question here from  
 13 a small business owner in Naperville, Illinois, and he  
 14 was really concerned that he had to be paying a lot  
 15 more for gas for a two-week period for something that  
 16 happened so far away in Texas. But perhaps you've  
 17 already answered that question as a matter of demand  
 18 and supply. Was it possible at all that any of the  
 19 storage capacity that can handle -- we used to meet  
 20 the demand in Texas?

21 MR. TOM SMITH: Again, we did use a lot of our  
 22 own storage, but because it was pretty much

1 mid-February to late-February. You know, we keep all  
 2 of our storage for the peak day and everything through  
 3 January. 99 percent of the time our peak day will  
 4 happen in January. So as we are getting later in the  
 5 season, we had less gas in storage. So on that cold of  
 6 a day in February, in fact, four cold days in February,  
 7 we did have to buy some gas. And, again, it's the law  
 8 of supply and demand. You know, the gas can actually  
 9 travel down south from Chicago. So, you know, all the  
 10 points around the country were competing against each  
 11 other.

12 MR. FALLAH: Thank you.

13 MS. NEVELS: I'm sorry if I missed this, but  
 14 where does storage stand now for the upcoming winter if  
 15 we were to be hit with a similar extreme weather event?

16 MR. TOM SMITH: Yep. All the LDCs, we are at our  
 17 planned storage levels. You know, I can't say we're  
 18 100 percent full because there are some storage fields  
 19 that are still injecting in November and even into  
 20 December. But all of our storages are at plan levels  
 21 and we're at levels that will meet our peak day again  
 22 through January. We hold that storage in place through

January, and then we'll use it in February as needed.

MS. NEVELS: Commissioners, are there any remaining questions?

(No verbal response.)

MS. NEVELS: Okay. Great. So thank you again to our speakers. We are now going to take a 15 minute break. We're just going to round up to --

COMMISSIONER KIMBREL: I'm sorry again.

MS. NEVELS: Okay. Proceed.

COMMISSIONER KIMBREL: Do we want to give the other panelists an opportunity to ask questions on this panel?

MS. NEVELS: Sure. Do any of the other panelists today have any questions for our second panel?

COMMISSIONER KIMBREL: Thank you.

(No verbal response.)

MS. NEVELS: Hearing none. We'll go ahead and start that 15-minute break, and we'll see you all back here at 2:30. Thank you.

MS. LUSSON: Maya?

MS. NEVELS: Yes.

MS. LUSSON: This is Karen Lusson from National

1 Consumer Law Center. I did have one question for Tom,  
 2 on behalf of the all of the gas utilities. I'm just  
 3 wondering, do the utilities have the ability, given the  
 4 sharp increase in the per-therm price for gas that  
 5 Illinoisans are going to be experiencing -- do the  
 6 utilities have the ability to, for lack of a better  
 7 term, amortize these costs over a long period, so that  
 8 might, in fact, provide some relief over the short term  
 9 in the coming months for gas customers?

10 MR. TOM SMITH: We do as a practice. We can  
 11 amortize that. That's the process of over and under  
 12 collection. And we do amortize over usually -- over a  
 13 12-month period. I'm not sure where we're at in terms  
 14 of collecting currently -- current collections, but we  
 15 do we do try to amortize and spread out the cost as  
 16 much as we can.

17 MS. SATTER: Since we're asking questions, I do  
 18 have a question as well for Mr. Smith. Can you address  
 19 the source of reliability problems that you might face  
 20 as a gas distribution company? When you have supply  
 21 constraints, are those the result of upstream  
 22 conditions on the pipelines, or are they associated

1 with the distribution system? In other words, how  
2 robust is the distribution system in the winter months?

3 MR. TOM SMITH: Thank you. Yes. You know, from  
4 our standpoint, and I'm assuming it's the same for the  
5 other LDC. Our distribution system -- we have a number  
6 of different ways that gas can get around the City of  
7 Chicago, for example. So most of the issues that I've  
8 seen in recent years have come upstream from other  
9 pipelines. And, again, that was one of the reasons  
10 that exasperated that -- the price in February is  
11 because it was over a four-day holiday weekend, and  
12 we're planning for all four days at once, and anything  
13 could happen. So, you know, the last thing we want to  
14 do is not have enough gas. So that's why we were out  
15 there buying daily gas. We're withdrawing from our  
16 storages. We're trying to get a diverse supply from a  
17 number of different geographical sources so that we can  
18 make it through any issues that may come up.

19 MS. SATTER: So that you have -- among pipelines.

20 MR. TOM SMITH: Correct. Yep. There are nine  
21 different pipelines that connect with the City of  
22 Chicago. So, yes, we can get gas from a number of

different sources, from a number of different regions.  
We get gas from Canada. We get gas from the East  
Coast. South...

MS. SATTER: Thank you.

MS. NEVELS: Do we have any further questions?

(No verbal response.)

MS. NEVELS: Okay. Great. So I'm just going to  
go ahead and two minutes to our 15 minute break, and we  
will see you all back here at 2:35. That is 2:35.  
Thanks, everyone.

(Recess.)

MS. NEVELS: Welcome back everybody. Thank you  
all for still being with us. For our third and final  
panel we will be hearing from the customer advocates.  
On this panel we will discuss current and anticipated  
winter energy challenges facing utility customers and  
strategies that may be used to mitigate those  
challenges.

We are joined by Susan Satter, Chief of  
the Public Utilities Bureau, Office of the Illinois  
Attorney General. We are joined by Julie Soderna,  
General Counsel at the Citizens Utility board. And



Karen Lusson, who is a staff attorney at the National Consumer Law Center.

Our presenters will have a combined 30 minutes for their presentations, followed by 15 minutes for questions and answers. Again, we ask that all questions be held until the end of the presentation.

Susan, I will go ahead and pull up your slides and then feel free to begin whenever you're ready.

MS. SATTER: Okay, that sounds good. First, thank you for inviting me and for inviting my office to participate in the winter preparedness session. You've heard a lot of references to increased gas supply charges. I'm going to dig a little deeper into that question and also just talk about what price changes consumers will be facing starting January 1.

If you can go to the next slide. Like everybody else, I looked at the weather forecast and both the Farmers' Almanac and NOAA seemed to agree that the temperatures will be about average, but it will be wet.

Next slide. I think people have also

1 heard a lot of talk about inflation. I thought this  
 2 was an interesting graphic from the Washington Post and  
 3 the Labor Department, which attributes a large part of  
 4 the inflation that the country is facing to increased  
 5 energy prices. So the energy prices are the purple  
 6 along the top.

7 Next slide. So, in addition to  
 8 increased supply charges, consumers are also facing  
 9 increased gas delivery prices. As I think  
 10 Commissioners certainly know, Ameren Gas increased its  
 11 prices about a year ago, January 2021, a 17.7 percent  
 12 increase. There's been a cumulative increase of 26  
 13 percent over the last several years. So that's, you  
 14 know, a quarter. It's gone up by a quarter.

15 I think today the Commission approved  
 16 an increase to Nicor Gas' delivery rates. I didn't --  
 17 I haven't seen the final order. The proposed order had  
 18 a 26 percent increase. This is Nicor Gas' third  
 19 delivery services rate increase since 2018, and as  
 20 we've mentioned, that's a 77 percent increase over that  
 21 time period. So that's a lot.

22 North Shore Gas, they were allowed

approximately 4.5 percent increase recently.

Peoples Gas has not been in for delivery increase, but their infrastructure charge is quite substantial. So their delivery price is increased by 30.73 percent every month. So whatever your delivery cost is, it's inflated by that amount or elevated by that amount.

We've also seen increases in uncollectible charges for Peoples Gas. A 35 percent increase in the amount of uncollectibles, and this is for the 2018-19 year, not even the COVID year. And I think it's important to keep in mind, just, the level of uncollectibles for City natural gas customers. Non-heating customers have a 7.5 percent uncollectible rate by revenues, and this is for non-heating. Heating customers a 6.9 percent. And, again, this is backwards looking because the uncollectible dockets are backward looking.

Then, of course, there are other surcharges that consumers were looking at. There's a QIP for Ameren and Nicor; there's tax a rider; there's volume balancing adjustment which is also called

"coupling", which can go either way. And then there's a COVID rider, the forty-seven million dollars that customers have benefited from through the bill payment assistance program, that's all been paid for -- and is being paid for by natural gas customers in the hope that it will reduce or at least moderate future uncollectible charges and keep people connected in the meantime.

Next slide. So we took a look at the Purchase Gas Adjustments for the -- the purchase gas charges for the various utilities, and it's not a pretty picture. Just looking at the November year-over-year increase: For Ameren Gas, it's a 101.5 percent, for Nicor Gas, 186.4 percent, North Shore Gas, 73 percent. And interestingly, those three companies are all about about the same, 68 cents per therm. Peoples Gas has a 164 percent increase from November to November, and their price is almost 74 cents per therm. So in addition to the delivery price increases, customers are going to be hit by this this larger increase in supply charges.

Okay, next to slide. And as we all

1 know, customers pay more than just natural gas in the  
 2 winter. They also pay their electric prices. Now we  
 3 are seeing increases in electricity delivery prices as  
 4 well. We have proposed orders for the formula rates  
 5 for both Ameren and ComEd. But the formula rate is  
 6 only a small portion -- or it's only a portion of the  
 7 charges on the electricity bill. We also have an  
 8 energy efficiency rider, which is now growing because  
 9 of the way it was restructured in CEJA. We also have a  
 10 solar rebate.

11 So for Ameren, that's about thirteen  
 12 million dollars. There's an uncollectible cost that  
 13 bumps up the bill every year.

14 For ComEd we're looking at a  
 15 \$1.745 million delivery rate increase. Energy  
 16 Efficiency Rider -- approved that today. Again, I  
 17 haven't seen the final order. Based on the proposed  
 18 order, there was a 54.1 percent million increase just  
 19 for energy efficiency. And the solar rebate pushed  
 20 rates up another 5.4 percent.

21 And on top of all that, the customers  
 22 are going to be looking at the CEJA increases. That

1 would be increase -- there would be a new carbon  
 2 mitigation charge, which doesn't take effect until  
 3 June, but it will take effect. The RPS, Renewable  
 4 Portfolio Standard charge, is increasing. There'll be  
 5 an energy transition charge, there'll be an increase to  
 6 the energy assistance charge and other factors. As the  
 7 Chairman pointed out, it's a bill over 900 pages.  
 8 There are a lot of charges coming out of that.

9                   Next slide, please. On the electricity  
 10 supply side, the PJM Independent Market Monitor and his  
 11 quarterly state of the market report identified a 68  
 12 percent increase in vocational marginal prices. That  
 13 is system wide. I don't have ComEd zones specifically.  
 14 And for MISO, the MISO market monitor identified a 58  
 15 percent increase in electricity prices. Now in  
 16 Illinois, as I'm sure you know, the Illinois Power  
 17 Agency procures for default customers, and that  
 18 moderates the rate increases because they use a  
 19 three-year ladder. So we are still going to benefit  
 20 from the prior lower prices, but one-third will most  
 21 likely reflect these higher prices. Nevertheless,  
 22 consumers are going to see -- or maybe they have seen,

increases from summer to non-summer supply charges.

So for ComEd we're looking at a 14 percent, almost a 15 percent increase in just supply charges and for Ameren a 12 percent. And this is from the ICC, Plug In Illinois site, so it should include transmission and the other factors that are in the price to compare.

Next slide. One item that I think we raised in our comments in the NOIN natural gas was our concern about prices spiking, particularly for non-utility supply customers. Your recent report shows that 60 percent of Ameren customers use suppliers for their electricity and 26 percent of ComEd customers use suppliers. And last year, unfortunately, the biggest gap that we have seen between the price-to-compare and area's prices was reported. So now, customers who are on variable rates are very, very vulnerable because their prices could spike, and with very little notice.

Next slide. I think we can go to the next slide. I already covered this.

So what are our conclusions? First, customers pay for both electricity and natural gas.

1 While electricity prices might be higher in the summer  
 2 because of air conditioning, natural gas prices are  
 3 higher in the winter because of the cold. Increases in  
 4 delivery charges are now being surpassed by increases  
 5 in supply charges. So we can really no longer rely on  
 6 low price supply to mask increased delivery charges. I  
 7 think now is the time to impose some spending  
 8 discipline on utilities to control costs because now  
 9 customer's are looking at the double whammy of  
 10 increased supply and delivery.

11 And finally, even if COVID-19  
 12 restrictions lift and COVID just goes away, which would  
 13 be wonderful, I think we could and continue to see bill  
 14 payment difficulties as these prices increase.

15 And next slide. I just thank you for  
 16 your attention, and I'll hand it over to Ms. Soderna.

17 MS. NEVELS: Thank you, Susan. Julie, I'm going  
 18 to go ahead and stop sharing my screen, and feel free  
 19 to share yours whenever you're ready.

20 MS. SODERNA: Can you all hear me? Okay.

21 MS. NEVELS: Yes, we can.

22 MS. SODERNA: Great. Okay. Let me get this up.



Okay. Good afternoon, Madam Chairman and Commissioners. I appreciate the opportunity to speak to you today about the upcoming winter conditions for energy usage. My name is Julie Soderna and I'm the General Counsel of the Citizens Utility Board of Illinois. And I couldn't come up with a better title than Home Heating Challenges Post-Pandemic. That's probably an optimistic statement saying post-pandemic, but we're crawling our way out and facing the realities that are currently existing. Many of my comments will echo Sue Satter's comments in terms of the upward pressure on both delivery and supply rates for both electric and gas utility service. As Sue pointed out, the electric commodity rates have gone up by about 10 to 15 percent from the summer rate and from last November's rates as well. This could be a residual effect of the upward pressure on natural gas prices, but that is, as Sue pointed out, that people use increased energy when they use increased heat in their homes.

So that will present an upward pressure on their bills. Then we move to natural gas rates, and

we've got the heightened Purchase Gas Adjustment rates, which is the commodity rate that is paid on the bill. These prices today are the highest PGAs in at least the last 5 years for these natural gas utilities: Ameren, Nicor, Peoples Gas and North Shore Gas. Since spring, the rates have steadily risen to about double the rate from last year, are expected to remain elevated until spring 2022. Delivery rates have also risen for Nicor over 75 percent in just the last three years. And delivery rate for Peoples Gas, though, not through base rates, instead through its Rider QIP, have risen from what was \$0 when they reset rates in 2015 to today's average of over \$13 per customer.

This is an illustration of the increase in natural gas prices from last year to this year. So you can see the visual and the impact of the commodity portion of the bill.

I did a little digging to try and figure out, as we're all trying to figure out, what the natural gas cost trends are. Analysts currently predict that a normal winter could see prices slightly elevated while warmer than expected temperatures could

1 see a retreat to recent historical averages. On the  
2 flip side, if temperatures drop, prices could spike  
3 into the double digits. This is all reflective of the  
4 comments by Tom from Peoples Gas that, you know, it's  
5 supply and demand really that drives the cost, but  
6 while many other factors also contribute.

7 While the economic activity has started  
8 to bounce back post-COVID, the natural gas production  
9 is just now starting to bounce back and keep up with  
10 historic levels. And that means demand is coming back  
11 faster than supply, forcing prices to go higher. The  
12 Energy Information Administration recently announced  
13 that U.S. natural gas spot prices are set to average  
14 over five and a half dollars per MMBtu over the next  
15 few months as near average winter inventory draws and  
16 higher liquified natural gas exports figure to help  
17 keep prices elevated into early 2022.

18 And for context, last year analysts  
19 accurately predicted that production declines and a  
20 rebound of winter heating demand could force Henry Hub  
21 prices to five dollars per MMBtu, up from what was last  
22 year at this time under three dollars per MMBtu. And

that was without even consideration of winter storm Uri which of course, exacerbated the increases. Moving onto the affordability, or what I term the unaffordability of heating in Chicago: For Peoples Gas' 792,000 residential customers, about 170,000 are approximately \$125,000,000 in arrears. That's 30 days plus in arrears. Low income customers make up about 6.5 percent of Peoples Gas total residential customers. And the number -- sorry. The number of customers of Peoples Gas in arrears is over 21 percent of their total residential customers. In contrast, Peoples Gas' suburban counterpart, Nicor Gas, which has 2,000,000 residential customers with almost an 180,000 customers 30 days past due. So approximately the same number of customers pass due, but a cumulative 35.5 million in arrearages. The low-income customers for Nicor are about 2.7 percent of its total residential customers. And the number of Nicor customers in arrears is about 9 percent of total customers. This all means that Peoples Gas has almost 350 percent more in arrearages than Nicor with less than half the customers. And that's even after all the substantial COVID-related

1 financial assistance that others have spoken about  
2 today.

3 Now, non-commodity charges now dominate  
4 Peoples Gas' bills, which is unusual. Typically, over  
5 the years, we've always said that the supply charges  
6 make up half to two-thirds of the bill. That's no  
7 longer true. And for Peoples Gas customers, and I have  
8 an example here from a CUB staffer with a  
9 1300-square-foot apartment. If you add up the fixed  
10 portion of the bill that does not vary with usage, this  
11 customer pays \$47.65 before he even uses a single therm  
12 of gas. That's not including tax. Home heating and  
13 the transition of beneficial electrification. All of  
14 that data sort of leads us to what comes next.

15 Continued reliance on natural gas for home heating  
16 hurts our pocketbooks and the environment and will  
17 enable continued reliance on carbon-based fuel instead  
18 of stimulating renewables like solar and wind. Nicor  
19 Gas, this year, spent -- was planned to spend over  
20 400,000,000 on QIP eligible investments, and those are  
21 that Qualified Infrastructure Plant under the separate  
22 rider, even though it has replaced all of its cast iron

and ductile iron pipe types.

Peoples Gas plans to spend approximately 900,000,000 from 2021 to 2023 on its own distribution infrastructure upgrades. I believe it's hasn't achieved its planned spend for this year, but that was what their latest annual report stated.

This extraordinary investment is pushing gas bills to unaffordable levels and could lead to large stranded costs if public policy and economics favor a move toward electrification for home heating. There's no doubt additional financial assistance is needed for customers that need help paying their utility bill, but that is not a long-term solution.

Rising natural gas utility distribution costs collide with decarbonization goals. Methane is the main component of natural gas. It's 84 times more potent than carbon dioxide as a heat trapping gas, and it's responsible for about 25 percent of manmade global warming. And this, combined with impact of high fixed delivery charges and increasing commodity costs, are driving the city into a heating affordability crisis. If increasing numbers of customers can't pay, the costs

1 will be magnified for those who can, and at some point  
 2 those customers will choose household electrification  
 3 to avoid the severe rate impacts of their gas bill.  
 4 That will leave an even smaller customer base to  
 5 disproportionately absorb the significant rate  
 6 increases. This bad situation will only get worse  
 7 under the status quo.

8                   So we must prepare for the future and  
 9 rein in steeply rising natural gas bills. Long term  
 10 holistic distribution planning should begin now as the  
 11 transition to home heating electrification begins. We  
 12 should reevaluate the continued need for an efficacy of  
 13 the qualifying infrastructure riders, which allow for  
 14 unprecedented spending and causing rapidly escalating  
 15 gas delivery cost. We should consider cost effective  
 16 alternatives to pipeline replacement that would improve  
 17 safety while also reining in cost to consumers. And we  
 18 should reduce the significant environmental harms of  
 19 the existing natural gas system through beneficial  
 20 electrification of home heating, which could include  
 21 electric pumps and geothermal energy, which can replace  
 22 boilers as standard residential heating sources.

So moving on to the CEJA credit and collection accommodations which have been previously touched on. The new omnibus energy legislation signed by the governor in September known as the Climate and Equitable Jobs Act, CEJA, includes additional safeguards for low-income customers. Now, some may not realize that the prohibition on late fees and deposits for low-income customers did already exist in the part 280 rules, but CEJA expands those eligible for that accommodation to those at or below 80 percent of the latest median household income as reported by the census bureau for the most applicable community or county. And other qualifying statuses include being eligible for LIHEAP and or PIPP, which is currently the status quo.

So the question that we have now that we don't know the answer to yet is how the utilities will identify those customers that are eligible for this for this customer relief. And we would argue that self-certification would ensure more eligible customers can take advantage of these customer protections.

CEJA credit and collection reporting



1 and low-income rate study. So CEJA also requires each  
 2 utility report monthly by zip code on 22 data points,  
 3 including disconnection and arrearage. And we've been  
 4 receiving those reports informally. The stakeholders  
 5 have been receiving those reports throughout the COVID  
 6 moratorium and post-moratorium, but now those reports  
 7 are public and posted on the ICC's website under "CEJA  
 8 implementation". And this information is really  
 9 important to inform us how we devise solutions to  
 10 address energy burden. CEJA also requires the ICC to  
 11 conduct a study to explore low-income discount rates.

12 And to echo Sue again, CUB strongly  
 13 warns customers to be careful of alternative supplier  
 14 offers in this market with rising commodity costs  
 15 because that information can be used to insinuate  
 16 savings could occur. And we've seen a lot of damage  
 17 done from residential retail electric supply and to the  
 18 tune of \$1.5 billion since 2015. We've also seen  
 19 natural gas supplier offers which are again higher than  
 20 the regulated rate. And CUB's investigation shows that  
 21 some seemingly low rates posted on the ICC's website  
 22 may not be available to many customers. So beware of

promised or insinuated savings. The data shows that it's highly unlikely customers will save, and this is no time to artificially increase residential heating bills.

Finally, I'll just wrap up with some quick home heating safety and energy efficiency tips. Obviously, you want to set your thermostat lower when you're not home and at night, up to seven to ten degrees lower can save you up to 10 percent on your heating bill. Space heaters should be placed on hard level surface. Don't use an extension cord. Keep it at least three feet away from flammable objects. Close blinds and curtains. Cover your windows with blankets or an extra layer of protection against icy nights, but during the day, keep them open so the sunlight can help heat your home. Clear radiators, registers, air returns, and baseboards of obstructions and dust. Clean or replace your filters for forced air heating systems. And finally, warming centers for those who fear the unaffordable of heating their home during the day are available. And you can find that link on CUB's website.

Also, we encourage consumers to contact their utility if they're having trouble paying their bill because there's still a lot of financial resources out there available to help them, like LIHEAP and PIPP, so they should take advantage of all the financial assistance that is still available.

And that's all I have. Thank you very much for having me today, and please visit our website for more information on energy and money saving tips.

MS. NEVELS: Thank you, Julie. Once Julie stops sharing her screen I'll go ahead and share yours, Karen. And as soon as you see them, feel free to begin.

MS. LUSSON: All right. Thank you very much. Chairman Zalewski, Commissioners, appreciate -- my name's Karen Lesson. I'm a staff attorney at the National Consumer Law Center. I appreciate the opportunity to speak to you today.

Next slide, please. Just a little bit about NCLC. It was founded in 1969, although it is based in Boston and Washington DC. I am based here in Chicagoland and spend a lot of -- most of my time

working on energy affordability, utility affordability issues, as well as energy efficiency planning and advocating for increased investment in low-income energy efficiency programs. NCLC has a variety of advocates who work on issues impacting consumer pocketbooks, such as credit, debt, housing, auto affordability, and of course, energy, all on behalf of low-income and other disadvantaged customers.

Next slide, please. So what constitutes an affordable utility bill? This is a slide I've presented before, but I think it's worth looking at again. Under the Illinois Energy Assistance Act, which created the Percentage of Income Payment Plan Program, otherwise known as PIPP, that statute sets affordable electric and gas bills at a total of 6 percent of a person's monthly income. So, again, that's for both electric and gas. But what we know, unfortunately is that even with LIHEAP and PIPP, a person's energy burden, that is the percent of their monthly income going to paying energy bills, electric and gas bills, greatly exceeds that ideal 6 percent figure for very low-income customers.

Next slide, please. And just as a demonstration of that fact, this was from a DCO presentation made last April to the Policy Advisory Committee. And if you look at that last column, you can see that for customers in extreme poverty, say it's 0 to 50 percent, their energy burden in that last column, even after receiving the LIHEAP grant is still at 25 percent of their monthly income, and that's a big, big piece of the monthly budget.

Next slide, please. Just very briefly, I wanted to highlight affordability, energy, and security at the national level. Nearly one in three households, it's assumed, based on data gathered by the Energy Information Administration, face challenges, paying their energy bills or keeping their homes heated or cooled. 25,000,000 households reported foregoing life essentials like food and medicine in order to afford energy bills. And we know that black and brown communities experience higher rates of energy affordability, as shown in these statistics here.

Next slide, please. And I won't belabor the point. Everyone preceding me did a good

1 job of highlighting the very high natural gas prices  
 2 that we can expect to see, unfortunately, this winter.  
 3 This is from the ICC's website, but I think it provides  
 4 an excellent comparison of what folks are in for.  
 5 Looking at the month of November, you can see the price  
 6 compared to previous years.

7                   Next slide, please. I wanted to bring  
 8 to the Commission's attention monthly credit and  
 9 collections data that the utilities have been filing.  
 10 That filing requirement began first with the  
 11 Commission's 20-NOI on energy affordability, utility  
 12 affordability. And that requirement was extended to  
 13 the negotiated settlement that occurred in the COVID  
 14 moratorium docket of 2020. And then that requirement  
 15 was extended through the new CEJA law. So now we have  
 16 monthly disconnection and other credit and collections  
 17 data by zip code being reported each month.

18                   So here we have Peoples Gas data. You  
 19 can see that thousands of customers are being  
 20 disconnected each month and receiving disconnection  
 21 notices. Another 2,161 were disconnected during the  
 22 month of October, based on a filing that was made on

Monday. It's unclear what's happening in terms of the number of folks who are actually then getting reconnected. And as you can see, I think as Julie highlighted, the amount of residential customer arrearages is huge, over 121 million, and for the month of October, that amount was around a 120 million, with 21 percent of customers behind on their bills. Also note that only 78 of the nearly 3000 disconnected households were on LIHEAP and PIPP. LI standing for low income on that bulleted item there on the slide. This highlights two things: That it's not just LIHEAP and PIPP customers who are struggling to afford their utility bills, and also that LIHEAP and PIPP are not enough to keep bills affordable for thousands of Illinoisans.

Next slide, please. Here we have same kind of disconnection data reported by ComEd. You can see the thousands of disconnections during the month of September. Another 27,819 were disconnected in October, according to ComEd's report filed Monday. While the unaffordability isn't as stark as it is with Peoples Gas' rates, ComEd's delivery rates have

increased significantly since the start of formula rates in 2012. I think as both Sue and Julie have highlighted, you can see that it was a 32 percent increase since 2012, and that's excluding the pending formula rate increase that that awaits a Commission order next month. And also the rates are going to continue to go up, unfortunately. The subsidies for renewables, additional energy efficiency, and the subsidies for Exelon nuclear plants, along with the new performance-based rate making will continue to put upward pressure, significant upward pressure on delivery service rates.

Next slide, please. Here we have some data for Nicor Gas. Again, you can see thousands of disconnections that are occurring, you know, during a pandemic. Reconnections there are also listed. The number of customers receiving disconnection notices too, is telling, again, showing the unaffordable and again highlighting the fact that it's not just LIHEAP, and PIPP customers who are struggling to pay their bills, but other customers who aren't on or receiving those program benefits. And then here too, Nicor, as



both Sue and Julie have highlighted, Nicor customers have seen significant increases in their delivery service rate since 2017, and that 58 percent on the slide, the increase does exclude the pending or, I guess, the increase that was entered as an order today.

Next slide, please. And finally, here's some numbers for Ameren. Disconnections of 11,406. Once again, you see the vast majority of customers who are being disconnected and in arrears are not LIHEAP and PIPP customers. That doesn't mean that the customers being disconnected are not eligible for LIHEAP and PIPP, but we do know about a third of the Illinoisans who are eligible for LIHEAP and PIPP are enrolled in the programs. So there's just a significant need for financial assistance in the state and customers will continue to struggle with the affordability of rates, particularly this winter, given what we know about what's happening with natural gas prices and, for that matter, propane, which of course, isn't regulated by the Commission.

Again, takeaways. It's unclear how many of the disconnected customers for each of the

1 utilities are now, or have been reconnected. Again,  
2 Ameren gas rates too have increased 25.6 percent since  
3 2018 and there again, too, on the electric side, we've  
4 seen significant increases in delivery service rates:  
5 25 percent since 2012, again, excluding the pending  
6 rate increase request.

7 Next slide, please. I just wanted to  
8 briefly spotlight the unaffordability of Peoples Gas'  
9 rates, just as Julie did. If you look at those  
10 highlighted yellow numbers, that is the amount of  
11 arrearages from the data that was reported on Monday.  
12 And compare that number when you look at there's  
13 792,000 Peoples Gas customers, compared with 3.7  
14 million ComEd customers, and you can see the  
15 differences in the arrearages. Just a significantly  
16 higher rate of arrearages among Peoples Gas customers.

17 Next slide, please. So who gets  
18 disconnected, when? Through the COVID-19 settlement  
19 that was negotiated by consumer advocates, including  
20 NCLC, the Attorney General's Office, CUB, City of  
21 Chicago, and legal assistance of Metropolitan Family  
22 Services as well as Commission staff. I don't want to

1 leave out the important role Commission Staff played in  
2 that negotiation.

3 We continue to have conversations each  
4 month with utilities about the disconnection data that  
5 they're filing. We're also beginning to learn more  
6 about the disconnection process. We know, for example,  
7 that a third party is often hired by some of the  
8 utilities, not all, to create a risk analysis of  
9 customers. Each utility has a disconnection arrearage  
10 trigger amount that changes and is completely within  
11 the utilities control. So in one particular month, the  
12 disconnection trigger amount maybe \$300, the next month  
13 it could be \$600. Again, all within the control of the  
14 utility. Other factors include: Whether a person's  
15 had a deposit, late fees, how often they've paid, their  
16 disconnection history. So right there, knowing those  
17 are the factors that go into this algorithm, you can  
18 see that low-income customers, people who struggle to  
19 afford utility service are -- it seems increasingly at  
20 risk for disconnection given this algorithm or process  
21 of assessing the risk of customer.

22 Next slide, please. And what about the

zip code data, what has it revealed? Well, a Tufts University analysis looked at the affordability of utility services, in particular, at the data filed by the utilities in both the 2020-NOI, as well as, in the 20-0309 COVID Docket. And that, again, as I noted, that requirement happily is now Illinois law, that we'll be receiving and the Commission will be receiving these monthly reports. But this Tufts University economist come through the data gathered and found that in 2018-19, customers in black and latinx zip codes in ComEd and Ameren territories were about four times more likely to be disconnected for nonpayment, controlling for zip code distributions of income and other demographic characteristics. And note, too, that in Illinois, 14 percent of the population only is black and 18 percent latinx, according to the census bureau.

Next slide, please. I'll go through the next slide very quickly. I want to give a shout out to Assistant Attorney General Charles J. Murphy who put together the following three tables that highlight the racial disparities and customers receiving disconnection notices among Illinois large

gas utilities. They show once again that, like the ComEd and Ameren disparities, highlighted in the Tufts University study, Peoples Gas, Ameren and Nicor customers who are black or brown have been disproportionately impacted by the company's disconnection policies. Keep in mind again that in Illinois, only 4 percent of the population is black and 18 percent -- 14 -- I'm sorry -- percent is black and 18 percent latinx. Again highlighting the disproportionate aspect of these numbers.

Next slide, please. And here again, you can see these same kinds of patterns in the Nicor...

Next slide, please. As well as the Ameren filing of disconnection notices with customers.

Next slide, please. So what are the takeaways from all of this information? Unaffordability of essential utility service transcends LIHEAP and PIPP customer bases. So when the utilities say, you know, we have X percent of our customers are low income, they're only stating that that is the number of customers they have on LIHEAP and PIPP in

these reports. What we know, however, is that a larger segment of their customer population is considered low income. For both Peoples Gas and ComEd it's between, I would say, 40 to 48 percent. So relying on the availability of LIHEAP and PIPP is not a long term solution to keeping utility rates affordable.

Escalating winter energy prices are, of course, going to exacerbate unaffordable utility bills. Again, as Julie highlighted, as well, City of Chicago in particular is experiencing a heating affordability crisis. And, again, I can't highlight enough how much that Rider QIP infrastructure surcharge is driving both rate increases for the Illinois gas utilities and those high QIP surcharges on the monthly bills.

In our view, it's time to sunset Rider QIP. That's something that the legislature hopefully will do next term. Particularly given the decarbonization goals that are now law in this state under CEJA. And the need, given the gas company's ability to use Rider QIP, the important need for the Commission, to pay particular attention -

MS. NEVELS: I'm sorry, Karen, you're breaking up

1 a little bit. You may want to repeat your last  
2 sentence.

3 MS. LUSSON: Oh, sure. And particularly given the  
4 CEJA decarbonization goals that are now the law in the  
5 state, in our view, it's time to sunset Rider QIP, that  
6 statute. And it's also particularly important for the  
7 Commission, while QIP is still in effect, to comb  
8 through this funding reported by the utilities on the  
9 infrastructure investments and in their forecasted  
10 request for forecasted spending on infrastructure going  
11 forward. Both the CEJA subsidies, as we've mentioned,  
12 and the performance base rate making formula will drive  
13 new electric company rate increases going forward. New  
14 federal assistance such as LIHEAP, the Emergency Rental  
15 Assistance Program, and DCO's implemented and the  
16 governor's implemented the UDAP program assisted many,  
17 but it is temporary and it's not a long term solution  
18 for energy affordability.

19 Next slide, please. And finally, I  
20 want to highlight again that the zip code data reveals  
21 this: The stark, disparate impact act on black and  
22 brown communities of disconnection policies. Utilities

we know, and are learning, have significant discretion in how and often and who they disconnect. And the Commission now has the tools with this zip code data to monitor and revise disconnection policies, both the number, the rate of disconnections and addressing the disparate racial impacts. We continue to have -- we are beginning and are in the middle of conversations with one or more of the utilities on these issues. And then increased regulation of disconnection practice is, in our view, needed to remove these disparities and protect financially vulnerable customers going forward. And that's all. Thank you for your time and the opportunity to speak today.

MS. NEVELS: Thank you, Karen. Give me one moment to stop sharing the screen.

All right. Thank you again to all of our panelists. Commissioners, do you have any questions for speakers?

(No verbal response.)

MS. NEVELS: Joe, do you have any questions?

MR. FALLAH: Sure, I have a few questions here for you guys. So any one of you please feel free to



1       answer. The first question is: To the extent that you  
2       can, we know that one of the tools in our tool bags  
3       that is generally in the control of the customer to  
4       mitigate high energy or prices is energy efficiency  
5       measures. To the extent that you are doing this, from  
6       your presentations, besides having the information on  
7       your website, what are you doing at the local level, at  
8       the field level to actually push energy efficiency  
9       information to low-income customers?

10           MS. LUSSON: So the each of the consumer  
11       representatives on the panel today participate in the  
12       stakeholder advisory group. It's in that setting that  
13       all three entities have worked hard with the utilities  
14       to increase spending in energy efficiency programs for  
15       low-income customers. Right now, we're in the process  
16       through the SAG of revisiting the stipulations that the  
17       Commission just approved, a couple of months ago,  
18       because they do need tweaking in light of the  
19       changes to -- certain statutory changes made to the  
20       energy efficiency law in the CEJA statute. We also  
21       participate in the what's called the income  
22       qualified subcommittee -- energy efficiency

subcommittee. There are two of them, one in southern Illinois and one in northern Illinois. And in those meetings, both community-based organizations as well as the community action agencies participate as a group along with the consumer advocates to discuss issues, try to bring about best practices in the implementation of energy efficiency programs. And yes, to get the word out to communities. And, you know, we in -- through the SAG too, we encourage the utilities to sort of adopt best practices to get out there in the community and make sure that customers are aware of the these programs that they are paying for -- that we're all paying for. In particular, we spend a lot of time -- NCLC does at least, as well as CUB and the AG's office, trying to increase the amount of dollars going to low-income weatherization. And when people apply for LIHEAP, that is an entree point to the state sponsored weatherization program, which is work -- sort of leveraged with and combined with in -- up to a certain dollar amount, at least, the utility weatherization programs. So there is a concerted effort to get the word out in the communities, but, you

1 know, we can all work together and always do a better  
2 job of getting that word out.

3 MS. SODERNA: And I'll just add -- this is Julie  
4 from CUB. I'll just add that CUB actually has a lot of  
5 community involvement. We do a lot of events around  
6 the state for communities, hundreds of events a year  
7 where we try -- we deal with all utility issues, but  
8 we're always emphasizing the importance of energy  
9 efficiency and publicizing that through all our  
10 different communications to the public and to our  
11 members. So we're very involved in that grass roots  
12 level as well as the policy area.

13 MS. SATTER: I just wanted to add, as Karen  
14 pointed out, the Office of the Attorney General has  
15 been very involved in the Stakeholder Advisory Group,  
16 the SAG process. But I just want to note that energy  
17 efficiency can help, but it's never going to eliminate  
18 the gas burden that people are facing for heat in this  
19 cold weather state or for heat, you know, the financial  
20 burden for heat. So a lot of the low-income families  
21 unfortunately have houses that are either very big or  
22 drafty, not well insulated to begin with. Even if they

1 make progress, that's not going to eliminate the  
2 burden. And there was actually an Elevate Energy  
3 study, I think it was two years ago, that addressed  
4 this question. So I don't want to leave the impression  
5 that energy efficiency is going to solve the problem.  
6 It'll help. It certainly helps, but I don't think it  
7 solves the problem.

8 MS. LUSSON: Agree 100 percent with that. We  
9 know that there are waiting lists for -- to get homes  
10 weatherized through the state weatherization program.  
11 And while the new utility programs go to augment that,  
12 it's still not enough to treat all the homes in the  
13 state of Illinois that need weatherization treatment.

14 MS. SODERNA: Well, I want to echo Sue again. As  
15 I pointed out in my slide, an average Peoples Gas  
16 customer is paying almost \$50 before they use a therm  
17 of gas. So that's an illustration of the affordability  
18 crisis.

19 MS. SATTER: And those are only -- those are  
20 delivery --

21 MS. SODERNA: Those are just the delivery  
22 charges, right.

1           MR. FALLAH: Brilliant answers there. Sue, I have  
2           a question here for you. In your conclusion slide, you  
3           indicate that the time is -- it is time to impose  
4           spending discipline on utilities to control cost. I  
5           mean, could you just elaborate what you mean by that?

6           MS. SATTER: Thank you. Yes, I can. There are a  
7           couple of areas. One is the QIP Rider has encouraged  
8           quite a bit of elevated spending on infrastructure.  
9           And to be perfectly frank, the only constraint on that  
10          spending is Commission review. And unfortunately, to  
11          date, the utilities have no reason to expect any real  
12          disallowances or questioning of what they've done. My  
13          office has spent a lot of time, a lot of money, a lot  
14          of expert work to dig into these hundreds of millions  
15          of dollars, billions of -- or probably up to a billion  
16          dollars a year in infrastructure spending. And, you  
17          know, one thing about doing regulatory work, when you  
18          look, you find. And you know, you always find  
19          something because nobody's perfect. No project is  
20          perfect. And so we would encourage the Commission to  
21          kind of step back and say, yes, infrastructure  
22          spending, that -- utilities are about. But are they

perfect? No. And you are it. You are the only agency that has the power to look over a utility shoulder or to say, "Hey, okay, you know, the prices resulting from these infrastructure projects are getting unaffordable for large segments of our community. Can you dial it back?"

So there's two, you know -- two approaches. One is to look at the spending that has already occurred and if something's unreasonable, say so. They expect it. It is part of the process.

And second, on a forward going basis, do we need the level -- the continued level of spending? Because the current QIP, the one incentive it has is to spend and increase prices because they get an automatic profit month by month.

I mean, there's also other factors that have driven up prices. I mean, there's also the return on equity, which -- that's something that's very much within your discretion. How do you assess risk? Right? That's a key factor.

So these are the things that I think the Commission can look at in trying to impose a little

1 more discipline on the utilities so that the pricing  
2 doesn't continue to increase. And thank you for the  
3 question.

4 MR. FALLAH: We have a last question here for  
5 Karen. Karen, on Slide 18 of your presentation, you  
6 state, "the Commission now has the tools to monitor and  
7 revise  
8 disconnection policies - both the number and disparate  
9 racial impacts." The question for you: What specific  
10 actions do you believe lies within the statutory  
11 mandate of the Commission to monitor the revised  
12 disconnection policies and what specific strategy, you  
13 know, policy do you contemplate here?

14 MS. LUSSON: Well, there's two things. I think  
15 every time there's a rate case this information can be  
16 collected from the utility through discovery. And this  
17 is something that the Commission should be interested  
18 in when it is setting new rates in a rate case. You  
19 know, rates are set, supposedly, ideally, under law at  
20 what's called a just and reasonable level, as we know.  
21 But just and reasonable doesn't necessarily mean  
22 affordable. And so that's information that the

Commission -- what's happening to low-income customers when a company comes in for a rate case increase should be a point of interest for the Commission as they evaluate how large that increase should be.

Secondly, there are uncollectible rider dockets that can be a source of, through discovery, information about utilities disconnection practices. For example, tell us more about that algorithm. How do -- what does the utility do with that risk analysis once it's presented to them or, in the case of utilities that don't use a third party, when they're evaluating the risk of a particular customer, customer group?

And then third, through these informal conversations that are taking place, Commission Staff has been involved to a certain extent in those conversations. And so we hope that Staff will continue to be curious about this, interested in making changes and, you know, thinking about how utility practices because they have so much discretion in that decision to disconnect, how they can be modified to undo this disparate impact that we're seeing through the zip code



1 data.

2 MR. FALLAH: Thank you all for your responses.  
3 I'll now turn it back over to Maya.

4 MS. NEVELS: We do have about 10 minutes left in  
5 the questions and answers. So if any of the other  
6 speakers from today have any questions for our panel,  
7 please free to ask at this time.

8 (No verbal response.)

9 MS. NEVELS: Commissioners, do you have anything  
10 further?

11 (No verbal response.)

12 MS. NEVELS: Okay. So that concludes our panel  
13 sessions for today. I'd like to take moment to thank  
14 all of our speakers. Again, we very much appreciate  
15 the time and effort you've put into your presentations  
16 today. This has been very informative, and I hope  
17 everyone's questions have been answered with nothing  
18 further. Joe will now give closing remarks, and  
19 Chairman Zalewski will formally bring the policy  
20 session to a close.

21 MR. FALLAH: Okay. Thank you. I re-echo Maya's  
22 closing comments, and I want to thank you all for your

brilliant presentations. And it's our hope that we will benefit largely from the presentations you submitted to us. We will use them as a resource. And if you have additional information, please feel free to send them my way. And if you would like to have a conversation concerning any of the issues that you discussed in your presentation, please feel free to contact our offices here at the Commission. We are open to listen to you and take into consideration your valuable comments and suggestions you have for the Commission. No further comments from me and I will now turn it over to Chairman for official closing of the policy session.

COMMISSIONER KIMBREL: Excuse me, Madam Chair. I'd just like to say that -- excuse me. There was some confusion regarding the utilities meeting with our staff experts to discuss their individual winter preparedness. These meetings are separate and apart from the meetings in preparation for our policy session and I realize that some of the utilities have met with our staff experts, but I would emphasize that the other utilities should do the same as soon as possible. I

1 apologize for any confusion. Thank you, Madam Chair.

2 CHAIR ZALEWSKI: Thank you. I don't have  
3 anything to add other than, I mean, just echoing what  
4 Joe and Maya said, they said it perfectly. Just,  
5 again, to thank our panelists. I agree the information  
6 is invaluable, and I think it's important that we set  
7 aside this time to discuss winter preparedness and all  
8 these other issues that are a part of all the things  
9 that our customers are facing in the next couple of  
10 months. So thank you to the RTOs, the LDCs, and the  
11 advocacy representatives, as we appreciate it. And, of  
12 course, thank you to Commissioner Kimbrel's office.  
13 Maya and Joe, you did a great job. You spent a lot of  
14 time preparing, so we appreciate it. And this  
15 concludes our 2021 Winter Preparedness Session, and the  
16 meeting is now adjourned. Thank you.

17 (WHEREUPON, the above-entitled matter  
18 was adjourned at 3:38 p.m.)  
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